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December 6, 2012

Darrell Nitschke, Executive Director  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 58505-0480

**Re: Otter Tail Power Company  
Advance Determination of Prudence -  
CapX2020 Group 1 Application  
Case No. PU-09-676**

**Northern States Power Company  
Advance Determination of Prudence -  
CapX2020 Group 1 Application  
Case No. PU-09-678**

Dear Mr. Nitschke:

In compliance with Order clause 7 in the North Dakota Public Service Commission's (Commission) October 6, 2010 Order Adopting Settlement in the above-referenced matters (Order) and paragraph 1 of the Settlement Agreement, Northern States Power Company, doing business as Xcel Energy, and Otter Tail Power Company (collectively Applicants) in the above-referenced cases, provide the following:

*Start of Actual Physical Construction for Phase III of the Fargo Project*

Applicants advise the Commission that construction activities on CapX2020 Fargo Phase III began November 12, 2012.

- 149 PU-09-678 Filed 12/06/2012 Pages: 2  
Compliance filing - start of actual physical construction for Phase II of the Fargo Project  
Northern States Power Company / Otter Tail Power Company  
Paul Lehman / Dean Pawlowski
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Page 2

We acknowledge we should have confirmed the start of construction of the Fargo Phase III facilities by November 17, 2012, pursuant to the Order. We apologize for any inconvenience this may have caused.

Please feel free to contact Mr. Dave Sederquist at (701) 241-8632 if the Commission requires additional information or has any questions.

Respectfully,

/s/ Paul J Lehman

Paul J Lehman  
Manager, Regulatory Compliance & Filings  
Northern States Power Company

/s/ Dean Pawlowski

Dean Pawlowski  
Principal Engineer  
Otter Tail Power Company

Enclosure

cc: Illona Jeffcoat-Sacco  
Matt Dorsett  
Mitch Armstrong